



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 8, 2008

H.J. Res. 93

A joint resolution approving the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003

*As cleared by the Congress on July 24, 2008,
and signed by the President on July 29, 2008*

SUMMARY

H.J. Res. 93 (enacted as Public Law 110-287) renews for one year the ban on all imports from Burma, increases the amount of corporate estimated tax payments due in 2013, and extends customs user fees. The ban was originally enacted as the Burmese Freedom and Democracy Act of 2003 (Public Law 108-61) and was set to expire on July 28, 2004. The ban had been renewed four times through its previous expiration date of July 28, 2008. The original legislation limited renewals of the ban to a total of three years. The third renewal resolution increased that limit to six years, thereby allowing three additional one-year bans.

The Congressional Budget Office and the Joint Committee on Taxation (JCT) estimate that H.J. Res. 93 will reduce federal revenues by less than \$500,000 in 2008, increase them by \$145 million over the 2008-2013 period, and decrease them by \$2 million over the 2008-2018 period. Additionally, CBO estimates that H.J. Res. 93 will increase offsetting receipts (which are a credit against direct spending) by \$12 million in 2018.

Under H.J. Res. 93, the President can lift the import restrictions if the State Peace and Development Council, the military regime of Burma, has made substantial and measurable progress to end violations of human rights, implemented a democratic government, and met its obligations under international counter-narcotics agreements. The President also will have the authority to terminate the restrictions upon the request of a democratically elected government in Burma or waive them in the national interest.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.J. Res. 93 is shown in the following table. Spending under this legislation falls within budget function 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars												2008-	2008-
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2013	2018	
CHANGES IN REVENUES														
Burmese Import Ban	*	-2	0	0	0	0	0	0	0	0	0	-2	-2	
Corporate Estimated Tax Payment Due in 2013	0	0	0	0	0	147	-147	0	0	0	0	147	0	
Total Changes in Revenues	*	-2	0	0	0	147	-147	0	0	0	0	145	-2	
CHANGES IN DIRECT SPENDING														
Customs User Fees														
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	-12	0	-12	
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	-12	0	-12	

Note: * = loss of less than \$500,000.

Sources: Congressional Budget Office and Joint Committee on Taxation.

BASIS OF ESTIMATE

Revenues

Burmese Import Ban. Under H.J. Res. 93, the President will have the authority to lift or waive the ban imposed by the resolution. For this estimate, CBO assumes that the President will not exercise this authority before the termination of the one-year ban.

Based on data from the U.S. International Trade Commission on recent U.S. imports from Burma and CBO's most recent forecast of total U.S. imports, CBO estimates that enacting H.J. Res. 93 will reduce federal revenues by less than \$500,000 in 2008 and by about \$2 million in 2009, net of income and payroll tax offsets.

In years just before the import ban first went into effect, over half of all U.S. imports from Burma were knitted or crocheted clothing and apparel goods. The remaining imports included apparel items not knitted or crocheted, certain types of fish and crustaceans, goods made of wood, certain precious and semiprecious stones and metals, and woven fabrics and tapestries. In 2001 and 2002, roughly 80 percent of duties collected on these imports came from knitted and crocheted articles. CBO assumes that most of the banned imports would be replaced with imports from other countries.

Should the ban be lifted, U.S. companies would be allowed to resume importation of goods produced, manufactured, grown, or assembled in Burma. If such an action were taken during the 2008-2009 period, the impact on federal revenues would be reduced accordingly.

Corporate Estimated Tax. This provision shifts revenues between 2013 and 2014. For corporations with at least \$1 billion in assets in 2013, the act increases the portion of corporate estimated tax payments due in July through September of that year. JCT estimates that this change will increase revenues by \$147 million in 2013 and decrease revenues by \$147 million in 2014.

Direct Spending

Prior to enactment of H.J. Res. 93, customs user fees were scheduled to expire either after September 30, 2017 (for COBRA fees) or after November 14, 2017 (for merchandise processing fees). Such fees are recorded in the budget as offsetting receipts (a credit against direct spending). H.J. Res. 93 extends the COBRA fees for one week: through October 7, 2017. CBO estimates that this provision will increase offsetting receipts by \$12 million in fiscal year 2018.

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